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BEFORE THE ARIZONA CORPORATION COM

MARC SPITZER **CHAIRMAN** WILLIAM A. MUNDELL COMMISSIONER JEFF HATCH-MILLER **COMMISSIONER** MIKE GLEASON **COMMISSIONER** KRISTIN K. MAYES **COMMISSIONER**

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IN THE MATTER OF THE APPLICATION OF ARIZONA AMERICAN WATER COMPANY, AN ARIZONA CORPORATION, FOR AN EXTENSION OF, AND DELETION FROM, ITS SERVICE AREA UNDER ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE WASTEWATER UTILITY SERVICES IN ITS MOHAVE SEWER DISTRICT.

Docket No. 5-01303A-05-0315

Amendment to Application:

Line Extension Agreements

As promised in its April 29, 2005, Application in this docket, enclosed are the following executed line extension agreements ("LXAs") between:

- 1. Arizona-American Water Company and the developer of the Everglades Estates Development. This LXA relates to Parcel K, described in the Application, and is referred to as Exhibit S to that Application.
- 2. Arizona-American Water Company and the developer of the Twin Palms development. This LXA relates to Parcel L, described in the Application, and is to as Exhibit T to that Application.

Arizona-American Water Company hereby amends its application to include these two

LXAs.

Arizona Corporation Commission DOCKETED

MAY 3 1 2005

DOCKETED BY

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1	Respectfully submitted on May 31, 2005.
2 3 4 5 6 7 8	Craig A. Marks 19820 N. 7 th Street Suite 201 Phoenix, AZ 85024 Attorney for Arizona-American Water Company
8 9	Original and 13 copies
10	filed on May 31, 2005, with:
11	
12	Docket Control
13	Arizona Corporation Commission
14	1200 West Washington
15	Phoenix, Arizona 85007
16	Caning of the foregoing
17 18	Copies of the foregoing mailed on May 31, 2005, to:
19	maned on May 31, 2003, to.
20	Legal Division
21	Arizona Corporation Commission
22	1200 West Washington
23	Phoenix, Arizona 85007
24	
25	Utilities Division
26	Arizona Corporation Commission
27	1200 West Washington
28 29	Phoenix, Arizona 85007
30	Lyn Farmer
31	Chief Hearing Officer
32	Arizona Corporation Commission
33	1200 West Washington
34	Phoenix, Arizona 85007
35 36	By: Karan L. Moore

WASTEWATER FACILITIES LINE EXTENSION AGREEMENT

This Agreement is made this 31 st day of	May	, 2005 by and between Arizona-
American Water Company, an Arizona corporation (here	inafter referred to as "I	Utility"), with offices at 19820 North 7th
Street, Phoenix Arizona 85024 and Everglades Estates	LLP, (hereinafter refe	rred to as "Developer") with offices at
15060 Ventura Blvd Suite #350, Sherman Oaks, CA, 91-	403	

WITNESSETH

WHEREAS, Utility provides public utility wastewater service in portions of Mohave County, Arizona; and, WHEREAS, Developer proposes to develop a single-family home subdivision totaling approximately 154 lots known as Everglades Estates, (hereinafter referred to as "Development"), as described in Exhibit "A" attached hereto and incorporated herein by reference; and,

WHEREAS, Developer has requested Utility to provide wastewater service in said Development; and,

WHEREAS, to meet the public utility wastewater service needs of the Development, certain Wastewater Collection Facilities, as described in Exhibit "B", attached hereto and incorporated by reference, must be constructed; and,

WHEREAS, Utility is willing to have Developer design and construct said Wastewater Collection Facilities, subject, however, to Utility's approval of such design and construction; and,

WHEREAS, Utility is willing to apply to the Arizona Corporation Commission (hereinafter referred to as "Commission") for an expansion of Utility's current Certificate of Convenience and Necessity to include said Development; and,

WHEREAS, Utility and Developer must obtain certain regulatory approvals before wastewater facilities can be constructed and wastewater service provided to the Development.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereby agree as follows:

Definitions

1. For the purpose of this Agreement, unless context requires otherwise, these terms shall be defined as

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follows:

- (a) "Agreement" means this Agreement, including all exhibits, amendments and addenda.
- (b) "Developer" means Everglades Estates LLP, its successors and assigns.
- (c) "Utility" means Arizona-American Water Company, an Arizona corporation, its successors and assigns.
- (d) "Wastewater Collection Facilities" means wastewater-related facilities to be designed, constructed or installed by Developer for the purpose of providing wastewater service to individual lots, housing, and/or commercial units within the Development as set forth in Exhibit "B", attached hereto and incorporated herein by reference.
- (e) "Operational Acceptance" means Utility's written Operational Acceptance of the construction of the Wastewater Collection Facilities, subject to further inspection by Utility and correction of any outstanding punchlist items by Developer for the Wastewater Collection Facilities.
- (f) "Final Acceptance" means Utility's written Final Acceptance of the Wastewater Collection Facilities, to be issued after Operational Acceptance of such facilities and after Developer has provided all required submittals pursuant to Paragraph IV.8 of this Agreement and all fees as described in Paragraphs VI.1 and VI.2 of this Agreement.
- (g) "Master Plan" means the approved sewer master plan report submitted to Utility by Developer's Engineer, showing sizes and approximate locations of on-site and off-site Collection Facilities to be constructed to allow Utility to provide sewer service to the subdivision.

II. Authorizations

- 1. Utility shall on a timely basis take all reasonable steps necessary and utilize its reasonable best efforts to obtain and renew any authorizations to provide utility wastewater services to the Development which may be required by law or regulation. These authorizations include but are not limited to certificates of convenience and necessity, operating agreements, franchises, permits and similar authorizations obtained from regulatory agencies and other governmental agencies.
- Developer shall obtain an Arizona Department of Environmental Quality (ADEQ) Certificate of
 Approval to Construct, all required zoning clearances, construction permits and similar authorizations from regulatory
 agencies and other governmental agencies for all facilities to be constructed by Developer hereunder.
- 3. Utility and Developer's obligations hereunder are contingent upon their ability to obtain any material and significant authorizations more fully described in Paragraphs 1 and 2 above. Utility will not be liable to Developer

or its contractors/subcontractors for damages if Developer begins or authorizes the start of construction of the Wastewater Collection Facilities before Developer and Utility have obtained the authorizations required hereunder.

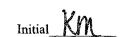
4. Upon execution of this Agreement, Utility will, in a timely manner, submit an application to the Commission for an extension of its certificate of convenience and necessity ("CC&N") to include the area in which the Development is located. Developer agrees to provide Utility all information that may be required for the application. After the filing of the application, Utility will diligently pursue Commission approval of the application. Upon approval of the CC&N, Utility will provide wastewater service to the Development in accordance with the terms and conditions of this Agreement.

III. Master Plan

1. Developer has caused a Master Plan to be prepared for Development that shows the locations and sizing of all Collection Facilities required to provide public utility sewer service to the Development. Any amendments to the Master Plan must be approved in writing by Utility. Once the Master Plan and any amendments have been approved by the Utility, they will be incorporated herein and made a part of this agreement as if set out in full herein.

IV. Wastewater Collection Facilities

- 1. Developer shall design, construct and install, or cause to be designed, constructed or installed, all Wastewater Collection Facilities necessary to provide adequate wastewater service to the Development. Developer's estimated schedule of materials, unit quantities, and cost is set forth in Exhibit "B". Developer shall pay all of the costs of constructing and installing the Wastewater Collection Facilities, including, but not limited to, the costs of engineering, materials, labor, transportation, equipment, necessary permits and approvals, easements, testing, corrections, insurance and bonds. Developer's costs for the construction and installation of the Wastewater Collection Facilities shall be considered an advance in aid of construction and subject to refund in accordance with Paragraph V.1 of this Agreement.
- 2. Developer agrees that the completion of the Wastewater Collection Facilities will be timed so as to enable Utility to provide wastewater service to the Development, as such service is requested by Developer.
- 3. If requested by Utility, Developer shall "oversize" components of the Wastewater Collection Facilities as specified by Utility. Utility shall reimburse Developer for the differential amount by which the material prices of the oversized facilities exceed the actual material prices of the facilities prior to "oversizing". Payment for oversizing will be



made by Utility to Developer within thirty (30) days of written notice to Utility after Utility's Final Acceptance of said Wastewater Collection Facilities.

- 4. Developer shall obtain all requisite permits, easements, zoning and other approvals in advance of construction of the Wastewater Collection Facilities. All plans, specifications, construction and installation of the Wastewater Collection Facilities shall be in accordance with good utility practices; the rules, regulations and requirements of the Arizona Department of Environmental Quality; Utility's specifications and details, and the requirements of all other governmental agencies having jurisdiction thereover. Additionally, all of said plans and specifications shall have the written approval of Utility before construction is commenced. Approval by Utility will not be unreasonably withheld or delayed. Developer will submit said plans and specifications for the Wastewater Collection Facilities to Utility for review and approval, as well as preliminary plats, final plats, address maps and other items reasonably requested by Utility. Unless otherwise agreed, if Developer begins construction of any facilities before the required approvals have been obtained, such construction will be at Developer's sole risk and subject to repair, alteration or reconstruction at Developer's expense as directed by Utility or any regulatory agency.
- 5. Developer shall comply with the inspection and testing requirements of Utility for the Wastewater Collection Facilities; said requirements shall be reasonable and shall not cause Developer unwarranted delays in the ordinary course of construction. Utility's inspection and testing shall not be unreasonable withheld or delayed. Developer shall give Utility adequate notice when the Wastewater Collection Facilities under construction are ready for inspection and testing, and Utility shall inspect the same promptly after being so notified. No facility will be placed in service until inspected by Utility and Utility has issued its Operational Acceptance. Utility specifically reserves the right to withhold acceptance of the Wastewater Collection Facilities unless said facilities have been constructed in accordance with the approved plans and specifications and are satisfactory to Utility upon inspection and testing. Developer agrees that it will promptly correct all defects and deficiencies in construction, materials and workmanship upon request by Utility made subsequent to inspection by Utility and for one year following Utility's written Final Acceptance of the Wastewater Collection Facilities. Inspection and/or acceptance by Utility shall in no way relieve or limit the Developers' responsibility and liability for construction and installation of the Wastewater Collection Facilities in accordance with the terms of this Agreement.
 - 6. The Wastewater Collection Facilities constructed pursuant to this Agreement shall become, upon

Operational Acceptance, and remain, the sole property of Utility without the requirement of any written document of transfer to Utility. However, Developer shall furnish any document pertaining to ownership and title as may be requested by Utility, including documents which evidence or confirm transfer of possession to Utility, and good and merchantable title free and clear of liens, or which contain provisions for satisfaction of liens by Developer. All risk or loss of the Wastewater Collection Facilities shall be with the Developer until written Operational Acceptance by Utility of the Wastewater Collection Facilities, or any portions thereof. Developer shall repair or cause to be repaired promptly, and at no cost to utility, all damage to the Wastewater Collection Facilities caused by the performance of construction activities by Developer and its contractors and subcontractors until all construction in Development by or for Developer has been completed and accepted by Utility. Developer acknowledges that Utility has the right to, and may in the future, connect its existing or future wastewater systems to the Wastewater Collection Facilities.

- 7. Developer shall, at no cost to Utility, grant or cause to be granted to Utility, perpetual non-exclusive rights-of-way and easements and obtain all necessary zoning and other governmental approvals as required, in a form satisfactory to Utility's counsel, for any Wastewater Collection Facilities constructed pursuant to this Agreement.
- 8. Developer shall, within thirty (30) days of Operational Acceptance of the Wastewater Collection Facilities, furnish Utility with: (a) copies of all bills, invoices and other statements of expenses incurred by Developer, covering all of the costs of materials, equipment, supplies, design and approval, permitting, construction and installation of the Wastewater Collection Facilities; (b) lien waivers and releases from contractors, subcontractors and vendors for materials, equipment, supplies and construction included in the Wastewater Collection Facilities; (c) receipts, specifying exact amount of payments in full by Developer to all contractors, subcontractors and vendors for all materials, equipment, supplies, labor and other costs of construction of the Wastewater Collection Facilities; (d) "as-built" drawings on 4-mil mylar, certified as to correctness by an engineer registered in the State of Arizona and showing the locations, materials, and respective sizes for all Wastewater Collection Facilities; and (e) CAD files of the construction drawings and final plat (if Development is a residential subdivision) in accordance with Utility's specifications.

V. Refunds

1. The cost of construction and installation of the Wastewater Collection Facilities, as evidenced by invoices furnished to Utility pursuant to Paragraph IV.8 hereof, to the extent that facilities have been constructed and costs have been paid for by Developer are subject to refund by Utility to Developer. Notwithstanding the foregoing,

Utility will not make refunds before the Wastewater Collection Facilities have received Operational Acceptance. Utility shall make refunds annually to Developer on or before August 31, for the preceding July 1 through June 30 period. The amount to be refunded annually shall be ten percent (10%) of Utility revenues (excluding all gross receipts taxes or sales taxes and all District, Municipal, County, State or Federally imposed regulatory assessments) derived from the provision of wastewater service to each consumer whose service line is connected to main lines covered by this Agreement. Refunds shall be payable for a period of five (5) years from the date of Utility's Operational Acceptance of the Wastewater Collection Facilities, but in no event shall the refunds paid to Developer exceed the total amounts paid by Developer as advances in aid of construction. Any balance remaining at the end of the fifth year (5 year) period shall become nonrefundable. No interest shall be paid on any amount advanced.

VI. General Provisions

- 1. Developer is hereby notified that the Commission has approved Utility's Wastewater Treatment Plant Availability Fee in the amount of \$500 per lot to defer its cost of constructing WWTP Facilities and Utility intends to apply this Fee to its CC&N filing to include said Development.
- 2. Upon execution of this Agreement, Builder will pay to Utility a plan-review fee equal to 4.84% of the total costs set forth on Exhibit B to compensate Utility for the cost of its coordination, reviews, inspections, testing, and approvals (including all related overhead costs, etc.) incurred by Utility under this Agreement. The 4.84% plan-review fee is deemed the final and reconciled costs for these services provided by Utility. Utility will credit toward the planreview fee any previously paid deposits concerning the Distribution Facilities.
- 3. Prior to requesting wastewater service, Developer shall submit the Wastewater Treatment Plant Availability Fee to Utility. All fee's due within 30 days of Operational acceptance or requesting service. Utility has no obligation to provide wastewater service to a lot in said Development until the Wastewater Treatment Plant Availability Fee has been paid as provided in this paragraph.
- 4. Utility shall, upon Operational Acceptance of the Wastewater Collection Facilities, and payment of all fees required hereunder or by the terms of the then current and applicable tariffs of Utility, provide wastewater service to the Development in accordance with the rates, charges and conditions set forth in the tariffs of Utility as filed with the Commission. Utility has no obligation to provide wastewater service to a lot in said Development until Developer has paid all required fees.

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- 5. Water for construction within the Development shall be made available only in quantities, which are in excess of quantities required for service to other customers connected to Utility's existing system. All water is expected to be metered, but if Developer requests to use unmetered water and if approved by Utility, water used for construction of water and wastewater facilities may be unmetered, in which case Utility will estimate, in accordance with Utility's standard procedures, the amount of unmetered water used and charge Developer for the water. Estimated and metered water used for the construction of water and sewer facilities or other facilities within the Development shall be billed by the Utility to Developer at the Utility's then current tariff rate. Utility reserves the right to estimate and bill Developer for all unauthorized unmetered water used for the Development. Utility may terminate this Agreement and wastewater service if unauthorized unmetered water use is continued after Developer receives a notice to cease the use of unauthorized unmetered water.
- 6. Utility shall use its reasonable best efforts to maintain satisfactory and continuous service, but does not guarantee a continuous supply of wastewater service. Utility shall not be liable for damages occasioned by interruptions or failure to commence service or unsatisfactory service or any act or failure to act arising out of this Agreement caused by an act of God or the public enemy, accident, fire, explosions, strikes, riots, war, delay in receiving shipments of required material, order of any court or judge granted in any bona fide adverse legal proceedings or action, or any order of any commission or fribunal having jurisdiction in the premises; or without limitation by the preceding enumeration, any other act or thing reasonably beyond its control or incident to interruptions necessary for repairs or changes in Utility's wastewater facilities.
- The Developer will indemnify and hold Utility, its officers, directors, agents, and employees harmless from and against any and all claims, damages, costs and expenses, including penalties and assessments, attorneys' fees and court costs, to which they or any of them may be subjected by reason of injury, death, loss, claim, penalty, assessment or damage caused or contributed to by the active or passive negligence of Developer, its agents, servants, employees, contractors or subcontractors in the execution of the work or in connection therewith; and in case any suit or other proceeding shall be brought on account thereof, the Developer will assume the defense at the Developer's expense and will pay all judgments rendered therein. The foregoing indemnity does not cover any negligent or wrongful acts of Utility, its officers, directors, agents or employees.

- 8. The failure of either party hereto to enforce any of the provisions of this Agreement or the waiver thereof in any instance shall not be construed as a general waiver or relinquishment on its part of any such provision but the same shall, nevertheless, be and remain in full force and effect.
 - 9. Communications hereunder shall be sent to Developer addressed as follows:

Everglades Estates Mr. Rafe Cohen 15060 Ventura blvd Suite #350 Sherman Oaks Ca., 91403

or to such other addresses or addressees as Developer may advise Utility in writing, and to Utility at:

Arizona-American Water Company Attn: Director, Engineering 19820 N. 7th Street, Suite 201 Phoenix, Arizona 85024

or to such other addresses or addressees as Utility may advise Developer in writing.

- 10. It is agreed that Utility is not an agent for Developer and shall not incur any costs or expenses on behalf of Developer and that Developer is not an agent for Utility and shall not incur any costs or expenses on behalf of Utility.
- 11. This Agreement shall be governed by the laws of the State of Arizona and its performance shall be subject to such approvals of regulatory agencies as may be required under the laws of said State.
- 12. This Agreement represents the entire understanding between the parties with respect to the subject matter herein and those which are reasonably related; there are no oral or collateral agreements with respect thereto between the parties. All changes or amendments to this Agreement must be in writing and signed by the parties hereto.
- 13. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective legal representatives, successors and assigns. However, Developer shall not assign its rights, obligations and interest in this Agreement without the prior written consent of Utility, and any attempted assignment without such consent shall be void and of no effect.
- 14. Utility reserves the right to deem this Agreement null and void if construction of the Wastewater Collection Facilities has not started within one year from the date of this Agreement. If construction has not started construction within one year from the date of this Agreement, Developer may issue a written request to Utility for an extension of this Agreement. Utility's acceptance to said request for extension will not be unreasonably delayed. If

Utility deems this Agreement null and void, Utility will send written notice of cancellation of Agreement to Developer via certified mail to the address shown in Section VI.9.

15. Developer estimates a construction start date of 1st day 1014, 2005 and a construction completion date of 31st day December, 2009.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate originals, as of the day and year first above written.

Arizona-American Water Company,	Everetades Estates LVI.
an Arizona corporation	
By: Robert J. Kuta Vice President Service Delivery	By: Rate Cohen General Partner
STATE OF ARIZONA)	
The foregoing instrument was acknowledged befo 2005, by Fredrick K. Schneider, P.E. Director, Engineering corporation, on behalf of the corporation.	g of Arizona-American Water Company, an Arizona
Name Exic assistance Title	OFFICIAL SEAL AMY K YATES NOTARY PUBLIC - STATE OF ARIZONA MARICOP/ JOUNTY My Comm - Exerca - Viay 16 , 2006
My Commission expires:	My Collin Laboratory and Proceedings
May 15, 2006	
STATE OF ARIZONA) Chlitornia)ss. County of Mohave) 103 Angles	
The foregoing instrument was acknowledged befor by Rafe Cohen, General Partner of Everglades Estates LLP	re me this 207# day of
Panela Bush Name Wotar y Public Title	PAMELA BUSH COMM. # 1510488 COMM. # 1510488 LOS ANGELES COUNTY OCOMM. EXP. AUG. 29, 2008
My Commission expires:	
Dua : 29 2008	

Exhibit A

DESCRIPTION FOR: EVERGLADE ESTATES

A parcel of land located within the West half of the Northwest quarter of Section 36, Township 19 North, Range 22 West of the Gila and Salt River Meridian, Mohave County, Arizona and being more particularly described as follows:

Commencing at the West One-quarter Section Corner of said Section 36 and running thence, North 00°28'31" East, along the West Line of said Section 36, a distance of 55.10 feet; thence, South 89°31'29" East, 42.00 feet to the true POINT OF BEGINNING;

Thence, North 00°28'31" East, along a line lying 42.00 feet East of and parallel with the West Line of said Section 36, a distance of 1598.61 feet;

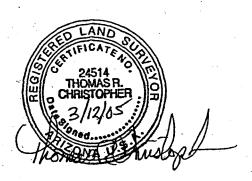
Thence, South 89°37'02" East, 1282.63 feet to a point on the East boundary of the West half of the Northwest quarter of said Section 36;

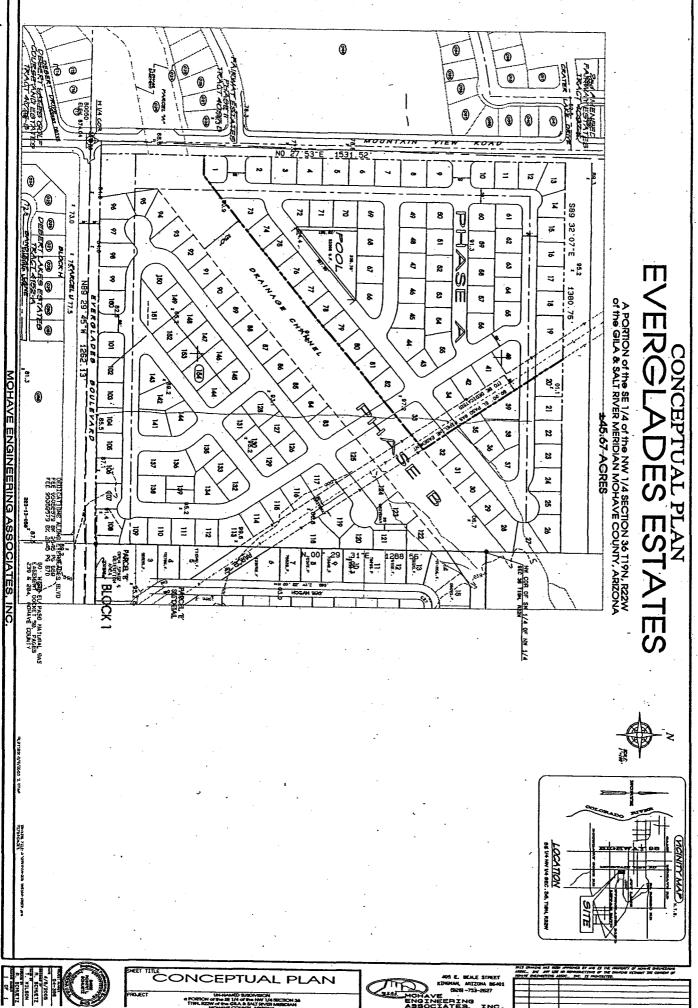
Thence, South 00°29'31" West, along the East boundary of the West half of the Northwest quarter of said Section 36, a distance of 1618.56 feet;

Thence, North 89°37'16" West, along a line lying 35.00 feet North of and parallel with the South boundary of the West half of the Northwest quarter of said Section 36, a distance of 1262.13 feet to the point of curvature of a tangent curve to the right having a radius of 20.00 feet;

Thence, Northwesterly 31.45 feet, along the arc of said curve through a central angle of 90°05'47" to the POINT OF BEGINNING.

The parcel of land herein described containing 47.65 acres, more or less.

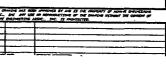












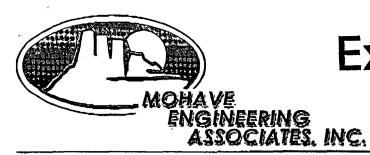


Exhibit B

Peter J. Profitt, P.E.
President

Joseph R. Leedy, P.E. Vice President / Engineering Manager

Thomas R. Christopher, R.L.S. Vice President / SurveyIng Manager

PreliminaryEngineer's Cost Estimate Everglades Estates Job # 04-396

May 31, 2005

Item Description	Quantity	Unit	Unit Price	Extension
Sewer Improvements				
1 8" PVC SDR 35 Sewer Line	8250	L.F	\$18.00	\$148,500.00
2. 8" Ductile Iron Sewer Line	0	L.F.	\$31.00	\$0 00
3. Sewer Cleanout	2	FA.	\$405.00	\$810.00
4. 4' Dia, Sewer Manhole	26	EA.	\$1, 3 <i>5</i> 0.00	\$35,100.00
5. Sewer Service	154	EA.	\$560.00	\$86,240.00
Total - Sewer Improvements				\$270,650.00
	•			
Total Estimated Construction Cost			•	\$270,650.00

THIS COST ESTIMATE IS BASED UPON THE BEST INFORMATION AVAILABLE.

ACTUAL CONSTRUCTION COST WILL BE AS BID BY THE CONTRACTORS FOR THIS PROJECT.

THIS PRELIMINARY COST ESTIMATE IS FOR UTILITY PROVIDERS.



PAGE 1 OF 1

WASTEWATER FACILITIES LINE EXTENSION AGREEMENT

WITNESSETH

WHEREAS, Utility provides public utility wastewater service in portions of Mohave County, Arizona; and,

WHEREAS, Developer proposes to develop a single-family home subdivision totaling approximately 144 lots known as Twin Palms Estates Tract 4189A, (hereinafter referred to as "Development"), as described in Exhibit "A" attached hereto and incorporated herein by reference; and,

WHEREAS, Developer has requested Utility to provide wastewater service in said Development; and,

WHEREAS, to meet the public utility wastewater service needs of the Development, certain Wastewater Collection Facilities, as described in Exhibit "B", attached hereto and incorporated by reference, must be constructed; and,

WHEREAS, Utility is willing to have Developer design and construct said Wastewater Collection Facilities, subject, however, to Utility's approval of such design and construction; and,

WHEREAS, Utility is willing to apply to the Arizona Corporation Commission (hereinafter referred to as "Commission") for an expansion of Utility's current Certificate of Convenience and Necessity to include said Development; and,

WHEREAS, Utility and Developer must obtain certain regulatory approvals before wastewater facilities can be constructed and wastewater service provided to the Development.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereby agree as follows:

Definitions

- 1. For the purpose of this Agreement, unless context requires otherwise, these terms shall be defined as follows:
 - (a) "Agreement" means this Agreement, including all exhibits, amendments and addenda.

Initial KM

- (b) "Developer" means Catania Corp., its successors and assigns.
- (c) "Utility" means Arizona-American Water Company, an Arizona corporation, its successors and assigns.
- (d) "Wastewater Collection Facilities" means wastewater-related facilities to be designed, constructed or installed by Developer for the purpose of providing wastewater service to individual lots, housing, and/or commercial units within the Development as set forth in Exhibit "B", attached hereto and incorporated herein by reference.
- (e) "Operational Acceptance" means Utility's written Operational Acceptance of the construction of the Wastewater Collection Facilities, subject to further inspection by Utility and correction of any outstanding punchlist items by Developer for the Wastewater Collection Facilities.
- (f) "Final Acceptance" means Utility's written Final Acceptance of the Wastewater Collection Facilities, to be issued after Operational Acceptance of such facilities and after Developer has provided all required submittals pursuant to Paragraph IV.8 of this Agreement and all fees as described in Paragraphs VI.1 and VI.2 of this Agreement.
- (g) "Master Plan" means the approved sewer master plan report submitted to Utility by Developer's Engineer, showing sizes and approximate locations of on-site and off-site Collection Facilities to be constructed to allow Utility to provide sewer service to the subdivision.

II. Authorizations

- 1. Utility shall on a timely basis take all reasonable steps necessary and utilize its reasonable best efforts to obtain and renew any authorizations to provide utility wastewater services to the Development which may be required by law or regulation. These authorizations include but are not limited to certificates of convenience and necessity, operating agreements, franchises, permits and similar authorizations obtained from regulatory agencies and other governmental agencies.
- Developer shall obtain an Arizona Department of Environmental Quality (ADEQ) Certificate of
 Approval to Construct, all required zoning clearances, construction permits and similar authorizations from regulatory
 agencies and other governmental agencies for all facilities to be constructed by Developer hereunder.
- 3. Utility and Developer's obligations hereunder are contingent upon their ability to obtain any material and significant authorizations more fully described in Paragraphs 1 and 2 above. Utility will not be liable to Developer or its contractors/subcontractors for damages if Developer begins or authorizes the start of construction of the Wastewater Collection Facilities before Developer and Utility have obtained the authorizations required hereunder.
 - 4. Upon execution of this Agreement, Utility will, in a timely manner, submit an application to the

Commission for an extension of its certificate of convenience and necessity ("CC&N") to include the area in which the Development is located. Developer agrees to provide Utility all information that may be required for the application. After the filing of the application, Utility will diligently pursue Commission approval of the application. Upon approval of the CC&N, Utility will provide wastewater service to the Development in accordance with the terms and conditions of this Agreement.

III. Master Plan

1. Developer has caused a Master Plan to be prepared for Development that shows the locations and sizing of all Collection Facilities required to provide public utility sewer service to the Development. Any amendments to the Master Plan must be approved in writing by Utility. Once the Master Plan and any amendments have been approved by the Utility, they will be incorporated herein and made a part of this agreement as if set out in full herein.

IV. <u>Wastewater Collection Facilities</u>

- 1. Developer shall design, construct and install, or cause to be designed, constructed or installed, all Wastewater Collection Facilities necessary to provide adequate wastewater service to the Development. Developer's estimated schedule of materials, unit quantities, and cost is set forth in Exhibit "B". Developer shall pay all of the costs of constructing and installing the Wastewater Collection Facilities, including, but not limited to, the costs of engineering, materials, labor, transportation, equipment, necessary permits and approvals, easements, testing, corrections, insurance and bonds. Developer's costs for the construction and installation of the Wastewater Collection Facilities shall be considered an advance in aid of construction and subject to refund in accordance with Paragraph V.1 of this Agreement.
- 2. Developer agrees that the completion of the Wastewater Collection Facilities will be timed so as to enable Utility to provide wastewater service to the Development, as such service is requested by Developer.
- 3. If requested by Utility, Developer shall "oversize" components of the Wastewater Collection Facilities as specified by Utility. Utility shall reimburse Developer for the differential amount by which the material prices of the oversized facilities exceed the actual material prices of the facilities prior to "oversizing". Payment for oversizing will be made by Utility to Developer within thirty (30) days of written notice to Utility after Utility's Final Acceptance of said Wastewater Collection Facilities.
- 4. Developer shall obtain all requisite permits, easements, zoning and other approvals in advance of construction of the Wastewater Collection Facilities. All plans, specifications, construction and installation of the Wastewater Collection Facilities shall be in accordance with good utility practices; the rules, regulations and requirements

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of the Arizona Department of Environmental Quality; Utility's specifications and details, and the requirements of all other governmental agencies having jurisdiction thereover. Additionally, all of said plans and specifications shall have the written approval of Utility before construction is commenced. Approval by Utility will not be unreasonably withheld or delayed. Developer will submit said plans and specifications for the Wastewater Collection Facilities to Utility for review and approval, as well as preliminary plats, final plats, address maps and other items reasonably requested by Utility. Unless otherwise agreed, if Developer begins construction of any facilities before the required approvals have been obtained, such construction will be at Developer's sole risk and subject to repair, alteration or reconstruction at Developer's expense as directed by Utility or any regulatory agency.

- Developer shall comply with the inspection and testing requirements of Utility for the Wastewater Collection Facilities; said requirements shall be reasonable and shall not cause Developer unwarranted delays in the ordinary course of construction. Utility's inspection and testing shall not be unreasonable withheld or delayed. Developer shall give Utility adequate notice when the Wastewater Collection Facilities under construction are ready for inspection and testing, and Utility shall inspect the same promptly after being so notified. No facility will be placed in service until inspected by Utility and Utility has issued its Operational Acceptance. Utility specifically reserves the right to withhold acceptance of the Wastewater Collection Facilities unless said facilities have been constructed in accordance with the approved plans and specifications and are satisfactory to Utility upon inspection and testing. Developer agrees that it will promptly correct all defects and deficiencies in construction, materials and workmanship upon request by Utility made subsequent to inspection by Utility and for one year following Utility's written Final Acceptance of the Wastewater Collection Facilities. Inspection and/or acceptance by Utility shall in no way relieve or limit the Developers' responsibility and liability for construction and installation of the Wastewater Collection Facilities in accordance with the terms of this Agreement.
- 6. The Wastewater Collection Facilities constructed pursuant to this Agreement shall become, upon Operational Acceptance, and remain, the sole property of Utility without the requirement of any written document of transfer to Utility. However, Developer shall furnish any document pertaining to ownership and title as may be requested by Utility, including documents which evidence or confirm transfer of possession to Utility, and good and merchantable title free and clear of liens, or which contain provisions for satisfaction of liens by Developer. All risk or loss of the Wastewater Collection Facilities shall be with the Developer until written Operational Acceptance by Utility of the Wastewater Collection Facilities, or any portions thereof. Developer shall repair or cause to be repaired promptly, and at

no cost to utility, all damage to the Wastewater Collection Facilities caused by the performance of construction activities by Developer and its contractors and subcontractors until all construction in Development by or for Developer has been completed and accepted by Utility. Developer acknowledges that Utility has the right to, and may in the future, connect its existing or future wastewater systems to the Wastewater Collection Facilities.

- 7. Developer shall, at no cost to Utility, grant or cause to be granted to Utility, perpetual non-exclusive rights-of-way and easements and obtain all necessary zoning and other governmental approvals as required, in a form satisfactory to Utility's counsel, for any Wastewater Collection Facilities constructed pursuant to this Agreement.
- 8. Developer shall, within thirty (30) days of Operational Acceptance of the Wastewater Collection Facilities, furnish Utility with: (a) copies of all bills, invoices and other statements of expenses incurred by Developer, covering all of the costs of materials, equipment, supplies, design and approval, permitting, construction and installation of the Wastewater Collection Facilities; (b) lien waivers and releases from contractors, subcontractors and vendors for materials, equipment, supplies and construction included in the Wastewater Collection Facilities; (c) receipts, specifying exact amount of payments in full by Developer to all contractors, subcontractors and vendors for all materials, equipment, supplies, labor and other costs of construction of the Wastewater Collection Facilities; (d) "as-built" drawings on 4-mil mylar, certified as to correctness by an engineer registered in the State of Arizona and showing the locations, materials, and respective sizes for all Wastewater Collection Facilities; and (e) CAD files of the construction drawings and final plat (if Development is a residential subdivision) in accordance with Utility's specifications.

V. Refunds

1. The cost of construction and installation of the Wastewater Collection Facilities, as evidenced by invoices furnished to Utility pursuant to Paragraph IV.8 hereof, to the extent that facilities have been constructed and costs have been paid for by Developer are subject to refund by Utility to Developer. Notwithstanding the foregoing, Utility will not make refunds before the Wastewater Collection Facilities have received Operational Acceptance. Utility shall make refunds annually to Developer on or before August 31, for the preceding July 1 through June 30 period. The amount to be refunded annually shall be ten percent (10%) of Utility revenues (excluding all gross receipts taxes or sales taxes and all District, Municipal, County, State or Federally imposed regulatory assessments) derived from the provision of wastewater service to each consumer whose service line is connected to main lines covered by this Agreement. Refunds shall be payable for a period of five (5) years from the date of Utility's Operational Acceptance of the Wastewater Collection Facilities, but in no event shall the refunds paid to Developer exceed the total amounts paid by Developer as advances in

aid of construction. Any balance remaining at the end of the fifth year (5 year) period shall become nonrefundable. No interest shall be paid on any amount advanced.

VI. General Provisions

- Developer is hereby notified that the Commission has approved Utility's Wastewater Treatment Plant
 Availability Fee in the amount of \$500 per lot to defer its cost of constructing WWTP Facilities and Utility intends to
 apply this Fee to its CC&N filing to include said Development.
- 2. Upon execution of this Agreement, Builder will pay to Utility a plan-review fee equal to 4.84% of the total costs set forth on Exhibit B to compensate Utility for the cost of its coordination, reviews, inspections, testing, and approvals (including all related overhead costs, etc.) incurred by Utility under this Agreement. The 4.84% plan-review fee is deemed the final and reconciled costs for these services provided by Utility. Utility will credit toward the plan-review fee any previously paid deposits concerning the Distribution Facilities.
- 3. Prior to requesting wastewater service, Developer shall submit the Wastewater Treatment Plant Availability Fee to Utility. All fee's due within 30 days of Operational acceptance or requesting service. Utility has no obligation to provide wastewater service to a lot in said Development until the Wastewater Treatment Plant Availability Fee has been paid as provided in this paragraph.
- 4. Utility shall, upon Operational Acceptance of the Wastewater Collection Facilities, and payment of all fees required hereunder or by the terms of the then current and applicable tariffs of Utility, provide wastewater service to the Development in accordance with the rates, charges and conditions set forth in the tariffs of Utility as filed with the Commission. Utility has no obligation to provide wastewater service to a lot in said Development until Developer has paid all required fees.
- 5. Water for construction within the Development shall be made available only in quantities, which are in excess of quantities required for service to other customers connected to Utility's existing system. All water is expected to be metered, but if Developer requests to use unmetered water and if approved by Utility, water used for construction of water and wastewater facilities may be unmetered, in which case Utility will estimate, in accordance with Utility's standard procedures, the amount of unmetered water used and charge Developer for the water. Estimated and metered water used for the construction of water and sewer facilities or other facilities within the Development shall be billed by the Utility to Developer at the Utility's then current tariff rate. Utility reserves the right to estimate and bill Developer for all unauthorized unmetered water used for the Development. Utility may terminate this Agreement and wastewater service if

unauthorized unmetered water use is continued after Developer receives a notice to cease the use of unauthorized unmetered water.

6. Utility shall use its reasonable best efforts to maintain satisfactory and continuous service, but does not guarantee a continuous supply of wastewater service. Utility shall not be liable for damages occasioned by interruptions or failure to commence service or unsatisfactory service or any act or failure to act arising out of this Agreement caused by an act of God or the public enemy, accident, fire, explosions, strikes, riots, war, delay in receiving shipments of required material, order of any court or judge granted in any bona fide adverse legal proceedings or action, or any order of any commission or tribunal having jurisdiction in the premises; or without limitation by the preceding enumeration, any other act or thing reasonably beyond its control or incident to interruptions necessary for repairs or changes in Utility's wastewater facilities.

7. The Developer will indemnify and hold Utility, its officers, directors, agents, and employees harmless from and against any and all claims, damages, costs and expenses, including penalties and assessments, attorneys' fees and court costs, to which they or any of them may be subjected by reason of injury, death, loss, claim, penalty, assessment or damage caused or contributed to by the active or passive negligence of Developer, its agents, servants, employees, contractors or subcontractors in the execution of the work or in connection therewith; and in case any suit or other proceeding shall be brought on account thereof, the Developer will assume the defense at the Developer's expense and will pay all judgments rendered therein. The foregoing indemnity does not cover any negligent or wrongful acts of Utility, its officers, directors, agents or employees.

- 8. The failure of either party hereto to enforce any of the provisions of this Agreement or the waiver thereof in any instance shall not be construed as a general waiver or relinquishment on its part of any such provision but the same shall, nevertheless, be and remain in full force and effect.
 - 9. Communications hereunder shall be sent to Developer addressed as follows:

Catania Corp. Mr. Philip Catania 1125 West Foothill Blvd. Azusa, CA 91702

or to such other addresses or addressees as Developer may advise Utility in writing, and to Utility at:

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Arizona-American Water Company Attn: Director, Engineering 19820 N. 7th Street, Suite 201 Phoenix, Arizona 85024

or to such other addresses or addressees as Utility may advise Developer in writing.

- 10. It is agreed that Utility is not an agent for Developer and shall not incur any costs or expenses on behalf of Developer and that Developer is not an agent for Utility and shall not incur any costs or expenses on behalf of Utility.
- 11. This Agreement shall be governed by the laws of the State of Arizona and its performance shall be subject to such approvals of regulatory agencies as may be required under the laws of said State.
- . 12. This Agreement represents the entire understanding between the parties with respect to the subject matter herein and those which are reasonably related; there are no oral or collateral agreements with respect thereto between the parties. All changes or amendments to this Agreement must be in writing and signed by the parties hereto.
- 13. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective legal representatives, successors and assigns. However, Developer shall not assign its rights, obligations and interest in this Agreement without the prior written consent of Utility, and any attempted assignment without such consent shall be void and of no effect.
- 14. Utility reserves the right to deem this Agreement null and void if construction of the Wastewater Collection Facilities has not started within one year from the date of this Agreement. If construction has not started construction within one year from the date of this Agreement, Developer may issue a written request to Utility for an extension of this Agreement. Utility's acceptance to said request for extension will not be unreasonably delayed. If Utility deems this Agreement null and void, Utility will send written notice of cancellation of Agreement to Developer via certified mail to the address shown in Section VI.9.
- 15. Developer estimates a construction start date of 20^{+} day 5^{-} June, 5^{-} , 5^{-} and a construction completion date of 20^{-} day 5^{-} day

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate originals, as of the day and year first above written. .

Arizona-American Water Company, Catania Corp.,	
an Arizona corporation an Arizona corporation	
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Robert J. Kuta/ By: My Nolauro Philip Catania	
Vice President Service Delivery President	
1 Testucin	
STATE OF ARIZONA)	
)ss.	
County of Maricopa)	
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The foregoing instrument was acknowledged before me this $\frac{3}{5}$ day of $\frac{1}{5}$ day of $\frac{1}{5}$, 2005, by	
Fredrick K. Schmeider, P.E. Director, Engineering of Arizona-American Water Company, an Arizona corporation, of)n
behalf of the corporation. Robert J. Kuta, Vice President Service Delivery	
Lind K States	
Name Name	
The Malant OFFICIAL SEAL	
Title AMY K. YATES	
MARICOPA COUNTY Wy Comm. Expires May 15, 2006	
My Commission expires:	
Marie	
_11AY15,2006	
CALIFORNIA	
STATE OF ARIZONA)	
LOS Hageles)ss. County of Mohave)	
County of thomas y	
a ltt	
The foregoing instrument was acknowledged before me this 24% day of MAY , 2005,	bv
Philip Catania, President of Catania Corp., an Arizona corporation, on behalf of the corporation.	- ,
·	
MARY L. CHAVEZ Name	
MARY L. CHAVEZ	
Name /	
Notary	
Title Commission # 1832726	
My Commission expires: Notary Public - California Los Angeles County	
Mr. Comm. Rustina A A	
Dec 9 2008	

Exhibit A

DESCRIPTION FOR TWIN PALM ESTATES SUBDIVISION TRACT 4189 A

A parcel of land located within the Southeast quarter of the Northwest quarter of Section 36, Township 19 North, Range 22 West of the Gila and Salt River Meridian, Mohave County, Arizona and being more particularly described as follows:

Commencing at the Northwest Section Corner of said Section 36 and running thence, South 89°36'48" East, along the North Line of said Section 36, a distance of 1324.93 feet to a point being the Northwest corner of the East half of the Northwest quarter of said Section 36; thence, South 00°29'31" West, along the West boundary of the East half of the Northwest quarter of said Section 36, a distance of 1720.88 feet to the true POINT OF BEGINNING:

Thence, South 89°37'16" East, 160.58 feet;

Thence, South 00°22'44" West, 24.94 feet;

Thence, South 89°37'16" East, 1054.00 feet;

Thence, South 00°22'44" West, 12.70 feet;

Thence, South 89°37'16" East, 109.75 feet to a point on the East boundary of the Northwest quarter of said Section 36;

Thence, South 00°30'32" West, along last said East boundary, a distance of 818.60 feet to a point on the North Right-of-way boundary of Everglades Boulevard, said point being on a curve concave to the Southeast, the radius point of which bears South 00°22'34" East, 330.00 feet;

Thence, Southwesterly 111.00 feet, along the arc of said curve through a central angle of 19°16'23" to the point of tangent of said curve:

Thence, South 71°06'11" West, 5.83 feet to a point of curvature of a tangent curve to the right having a radius of 260.00 feet;

Thence, Southwesterly 87.47 feet, along the arc of last said curve through a central angle of 19°16'33" to the point of tangent of last said curve;

Thence, North 89°37'16" West, along the North boundary of Everglades Boulevard, a distance of 1123.98 feet to a point on the West boundary of the Southeast quarter of the Northwest quarter of said Section 36;

Thence, North 00°29'31" East along the West boundary of the Southeast quarter of the Northwest quarter of said Section 36, a distance of 891.24 feet to the POINT OF BEGINNING.

The parcel of land herein described containing 26.31 acres, more or less.

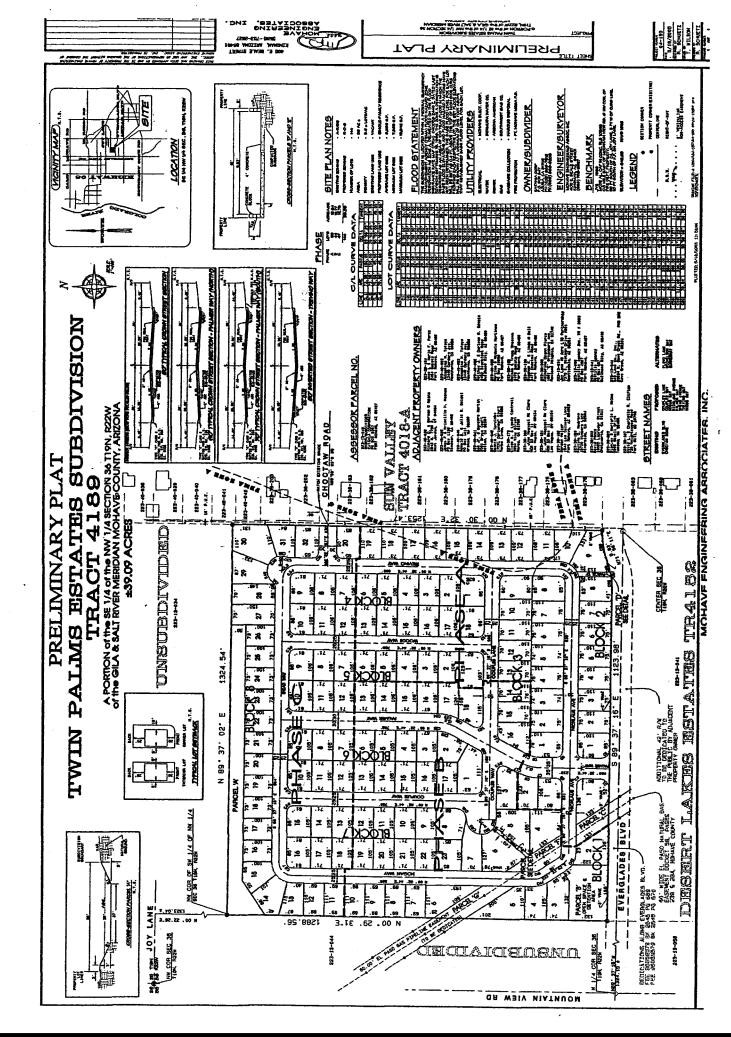
TWINPALM. DOC



Exhibit A PAGE

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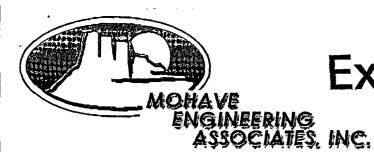


Exhibit B

Peter J. Profitt, P.E.
President

Joseph R. Leedy, P.E. Vice President / Engineering Manager

Thomas R. Christopher, R.L.S. Vice President / Surveying Manager

PreliminaryEngineer's Cost Estimate Twin Palms Estates Tract 4189 Job # 04-150

May 31, 2005

Item Description	Quantity	Unit	Unit Price	Extension
Sewer Improvements				
1 8" PVC SDR 35 Sewer Line	7149	L.F.	\$18.00	\$128,682.00
2 8" Ductile Iron Sewer Line	0	L.F.	\$31.00	\$0.00
3. Sewer Cleanout	5	FA.	\$405.00	\$2,025.00
4. 4' Dia. Sewer Manhole	21	EA.	\$1,350.00	\$28,350.00
5. Sewer Service	144	EA.	\$560.00	\$80,640.00
Total - Sewer Improvements				\$239,697.00
Total Estimated Construction Cost				\$239,697.00

THIS COST ESTIMATE IS BASED UPON THE BEST INFORMATION AVAILABLE,
ACTUAL CONSTRUCTION COST WILL BE AS BID BY THE CONTRACTORS FOR THIS PROJECT.
THIS PRELIMINARY COST ESTIMATE IS FOR UTILITY PROVIDERS.



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